

Payment Error Rate Measurement (PERM) Program Medicaid Improper Payment Rates

Cycle-Specific Medicaid Improper Payment Rates

Year	PERM Cycle	Overall***	FFS	Managed Care	Eligibility**
2007*	Cycle 1 – FY 2006	--	4.7%	--	--
2008	Cycle 2 – FY 2007	10.5%	8.9%	3.1%	2.9%
2009	Cycle 3 – FY 2008	8.7%	2.6%	0.1%	6.7%
2010	Cycle 1 – FY 2009	9.0%	1.9%	0.1%	7.6%
2011	Cycle 2 – FY 2010	6.7%	3.6%	0.5%	4.0%
2012	Cycle 3 – FY 2011	5.8%	3.3%	0.3%	3.3%
2013	Cycle 1 – FY 2012	5.7%	3.4%	0.2%	3.3%
2014	Cycle 2 – FY 2013	8.2%	8.8%	0.1%	2.3%
2015	Cycle 3 – FY 2014	N/A	18.63%	0.08%	N/A
2016	Cycle 1 – FY 2015	N/A	9.78%	0.49%	N/A
2017	Cycle 2 – FY 2016	N/A	10.55%	0.38%	N/A
2018	Cycle 3 – FY 2017	N/A	23.91%	0.02%	N/A
2019**	Cycle 1 – RY 2019	26.18%	15.12%	0.00%	20.60%
2020****	Cycle 2 – RY 2020	27.47%	12.67%	0.16%	22.32%
2021	Cycle 3 – RY 2021	13.68%	13.91%	0.00%	9.27%

*Medicaid Fee-For-Service was the only component measured this cycle.

**For the 2015-2018 measurements, eligibility reviews were suspended. Therefore, eligibility component improper payment rates have been removed from these rates. 2019 represents the first cycle measured under the new PERM regulation (82 FR31158). Cycles prior to 2015 were measured under the previous PERM eligibility methodology. Additionally, CMS began reporting the official rates to two decimal places in 2015. Cycles prior to 2015 had rates reported to one decimal place. In relation to 2021 eligibility rates, the PERM program is unable to access data containing Federal Tax Information (FTI) as part of the eligibility reviews. For income verification, states have the option to use the Federal Data Services Hub (Hub) or other data sources for income verification. However, IRS statute 6103 of the Internal Revenue Code prohibits states from disclosing FTI to any outside source, including CMS improper payment measurement programs. Since requesting FTI from states is statutorily prohibited, PERM did not review for an indicator to confirm state income verification against the Hub where FTI was the sole verification source for Medicaid income eligibility.

***The overall estimate is comprised of the weighted sum of the FFS and managed care components, plus the eligibility component, minus a small adjustment to account for the overlap between the claims and eligibility review functions. From 2007-2013, the cycle-specific rate is calculated using data from the 17 states sampled and projected to the national level. From 2014 onward, the cycle-specific rate represents only the 17 states sampled. Additionally, multiple errors on a claim are not counted separately in this table and may not match other tables in the report.

****Due to the COVID-19 Public Health Emergency, CMS suspended all improper payment-related engagement/communication or data requests to providers and state agencies in April 2020. Effective August 11, 2020, CMS resumed PERM-related engagements with providers and states. CMS determined that, at the time of the PERM suspension, CMS had completed all data and documentation requests necessary to complete national reporting and did not resume any state or provider outreach. Due to the public health emergency impact, the Cycle 2-specific rates may not be comparable to other cycles.

Rolling National Medicaid Improper Payment Rates*

Year	PERM Cycles Included	Overall	FFS	Managed Care	Eligibility
2010	Cycle 2 – FY 2007 Cycle 3 – FY 2008 Cycle 1 – FY 2009	9.4%	4.4%	1.0%	5.9%
2011	Cycle 3 – FY 2008 Cycle 1 – FY 2009 Cycle 2 – FY 2010	8.1%	2.7%	0.3%	6.0%
2012	Cycle 1 – FY 2009 Cycle 2 – FY 2010 Cycle 3 – FY 2011	7.1%	3.0%	0.3%	4.9%
2013	Cycle 2 – FY 2010 Cycle 3 – FY 2011 Cycle 1 – FY 2012	5.8%	3.6%	0.3%	3.3%
2014	Cycle 3 – FY 2011 Cycle 1 – FY 2012 Cycle 2 – FY 2013	6.7%	5.1%	0.2%	3.1%
2015	Cycle 1 – FY 2012 Cycle 2 – FY 2013 Cycle 3 – FY 2014	9.78%	10.59%	0.12%	3.11%
2016	Cycle 2 – FY 2013 Cycle 3 – FY 2014 Cycle 1 – FY 2015	10.48%	12.42%	0.25%	3.11%
2017	Cycle 3 – FY 2014 Cycle 1 – FY 2015 Cycle 2 – FY 2016	10.10%	12.87%	0.30%	3.11%
2018	Cycle 1 – FY 2015 Cycle 2 – FY 2016 Cycle 3 – FY 2017	9.79%	14.31%	0.22%	3.11%
2019	Cycle 2 – FY 2016 Cycle 3 – FY 2017 Cycle 1 – RY 2019	14.90%	16.30%	0.12%	8.36%
2020	Cycle 3 – FY 2017 Cycle 1 – RY 2019 Cycle 2 – RY 2020	21.36%	16.84%	0.06%	14.94%
2021	Cycle 1 – RY 2019 Cycle 2 – RY 2020 Cycle 3 – RY 2021	21.69%	13.90%	0.04%	16.62%

*Considered the official rates reported by CMS.